

# COVER SHEET

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S.E.C. Registration Number

M	A	R	I	W	A	S	A	M	A	N	U	F	A	C	T	U	R	I	N	G	,		
I	N	C	.																				

(Company's Full Name)

C	.	R	A	Y	M	U	N	D	O	A	V	E	N	U	E	,	B	O	.				
R	O	S	A	R	I	O	,	P	A	S	I	G	C	I	T	Y							

(Business Address : No. Street/City/Province)

<b>THAVI TANBOONRIT</b>
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Contact Person

<b>628-1986 to 89</b>
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Company Telephone Number

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FORM TYPE

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0	5				
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Annual Meeting					

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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100px; height: 15px;"></td> </tr> </table> <p style="text-align: center;">Domestic</p>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 100px; height: 15px;"></td> </tr> </table> <p style="text-align: center;">Foreign</p>	

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To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

\_\_\_\_\_ Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the quarter ended March 31, 2006
2. SEC Identification Number 24015                      3. BIR Tax Identification Number 000-282-553
4. Exact name of issuer as specified in its charter MARIWASA MANUFACTURING, INC.
5. PHILIPPINES    6.  (SEC Use Only)  
Province, Country or other jurisdiction of              Industry Classification Code:  
incorporation or organization
7. C. Raymundo Ave., Bo. Rosario, Pasig City    1609  
Address of principal office    Postal Code
8. (02) 628-1986 to 89  
Issuer's telephone number, including area code
9. N/A  
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock, P1.00</b>	<b>924,999,969</b>

11. Are any or all of these securities listed on a Stock Exchange.
- Yes []                      No [  ]
- If yes, state the name of such stock exchange and the classes of securities listed therein:
- |                            |                    |
|----------------------------|--------------------|
| <b>Common Stock, P1.00</b> | <b>924,999,969</b> |
|----------------------------|--------------------|

12. Check whether the issuer:
- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
- Yes []                      No [  ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**]

No [ ]

13. Aggregate market value of the voting stock held by non-affiliates **P 924,999,969**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [**X**]

No [ ]

**MARIWASA MANUFACTURING, INC.  
AND SUBSIDIARIES**  
Quarterly Report

**March 31, 2006**

***Item 1. Interim Financial Statements***

**Consolidated Balance Sheets\*\*\*  
Consolidated Income Statements  
Consolidated Changes in Equity  
Consolidated Cash Flow Statements**

\*\*\* - *With comparative audited figures as of December 31, 2005.*

**MARIWASA MANUFACTURING, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Amounts in P'000)

	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	131,480	128,019
Receivables - net	212,426	191,521
Inventories	426,085	407,354
Prepaid Expenses and other current assets	31,921	26,650
<i>Total Current Assets</i>	<i>801,913</i>	<i>753,544</i>
		-
<b>NONCURRENT ASSETS:</b>		
Available for sale investments	13,456	13,456
Investments - at cost	3,751	3,751
Property, plant and equipment at cost - net	-	-
At cost - net	1,876,560	1,904,249
At appraised value	439,390	439,390
Investment property	538,540	538,540
Other noncurrent assets	34,464	34,694
<i>Total Noncurrent Assets</i>	<i>2,906,161</i>	<i>2,934,081</i>
		-
<b>TOTAL ASSETS</b>	<b>3,708,074</b>	<b>3,687,626</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****CURRENT LIABILITIES:**

Short-term loans	598,009	596,735
Accounts Payable and accrued expenses	785,352	732,588
Acceptances and trust receipts payable	42,591	44,000
Income tax payable	6,698	6,698
Current portion of:	-	-
Installment Payable	5,866	11,959
Obligation under capital lease	16,962	22,244
Long-term debt	1,793,795	1,815,818
<i>Total Current Liabilities</i>	<i>3,249,272</i>	<i>3,230,041</i>
		-

<b>NONCURRENT LIABILITIES:</b>		-
Retirement liability	40,767	40,897
Installment payable - net of current portion		-
Obligations under capital lease - net of current portion	71,582	71,582
Advances from related parties	-	-
Deferred interest income	8,179	8,179
Deferred income tax liability	168,422	168,422
<i>Total Noncurrent Liabilities</i>	288,949	289,080
<i>Total Liabilities</i>	3,538,222	3,519,121
<b>STOCKHOLDERS' EQUITY:</b>		
Capital Stock - at P1 par value		-
Authorized - 1,000,000,000 shares		-
Authorized and issued - 924,999,969 shares	925,000	925,000
Deposits for future stock subscriptions	200,000	200,000
Additional paid-in capital	152,796	152,796
Revaluation Increment on property	740,045	740,045
Retained Earnings (deficit)	(1,847,988)	(1,849,336)
<i>Total Stockholders' Equity</i>	169,852	168,505
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>3,708,074</b>	<b>3,687,626</b>

**MARIWASA MANUFACTURING, INC. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**

(Amounts in P'000)

	Unaudited	
	First Quarter Ended	
	March 31	March 31
	2006	2005
Net Sales	431,676	416,879
Cost of Goods Sold	(343,436)	(334,196)
Gross Profit	88,240	82,683
Operating Expenses	(62,296)	(49,661)
Net Operating Income	25,943	33,022
Other charges (net)	(24,596)	36
Income (loss) before income tax	1,348	33,058
Provision for income tax	0	0
<b>Net Income (Loss)</b>	<b>1,348</b>	<b>33,058</b>
<b>Income (loss) per share***</b>	<b>0.00</b>	<b>0.04</b>

\*\*\* - Based on weighted average number of outstanding shares  
of 924,999,969.

**MARIWASA MANUFACTURING, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CHANGES IN EQUITY**

(Amounts in P'000)

	Unaudited	
	Three Months Ended	
	March 31	March 31
	2006	2005
Capital stock (issued and outstanding, at P1 par)	925,000	925,000
Deposit for future stock subscription	200,000	200,000
Additional paid-in capital	152,796	152,796
Revaluation increment	740,045	740,045
Deficit		
Beginning of year	(1,849,336)	(1,638,472)
Net loss	1,348	(40,352)
End	(1,847,988)	(1,678,824)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>169,852</b>	<b>339,017</b>

**MARIWASA MANUFACTURING, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in P'000)

	Unaudited	
	March 31	March 31
	2006	2005
<b>Cash flows from operating activities</b>		
Net income (loss)	1,348	33,058
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	38,819	37,000
Foreign exchange loss	(23,691)	58,808
Changes in assets and liabilities		
(Increase) decrease in:		
Receivables	(20,905)	45,053
Inventories	(18,731)	12,745
Other current assets	(5,271)	(32,352)
Increase (decrease) in:		
Accounts payable and accrued expenses	48,783	(16,475)
<b>Net cash provided by operating activities</b>	<b>20,351</b>	<b>137,837</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(11,129)	(21,394)
(Increase)/Decrease in other assets	230	(22,468)
<b>Net cash used in investing activities</b>	<b>(10,899)</b>	<b>(43,862)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in Retirement Liability	(131)	
Increase (decrease) in long-term loans/ installment payable/current portion of long-term debt	(7,135)	(58,201)
Increase (decrease) in short-term loan	1,274	(34,570)
<b>Net cash used in financing activities</b>	<b>(5,992)</b>	<b>(92,771)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>3,461</b>	<b>1,204</b>
CASH AND CASH EQUIVALENTS, BEGINNING	128,019	58,502
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>131,481</b>	<b>59,706</b>

**Note 1** Receivables as of March 31, 2006 consisted of the following:

	<u>Trade</u>	<u>Non-Trade*</u>
Current	106,661	50,639
Over 1 to 60 days		44,225
Over 60 to 120 days	7,533	
Over 120 days	7,518	
Total	165,937	50,639

\*mainly consist of advances to suppliers and employees

**Note 2** Inventories consisted of:

	<u>2006</u>	<u>2005</u>
Finished Goods	188,613	132,917
Raw Materials	103,519	129,719
Spare parts and other inventories	<u>133,953</u>	<u>144,719</u>
	<u>426,085</u>	<u>407,354</u>

The accompanying unaudited interim consolidated balance sheet, statement of changes in equity and cash flows of Mariwasa Manufacturing, Inc. (the "Company") as of March 31, 2006, and the related unaudited interim consolidated statement of income for the quarter ended adopts the same accounting policies and methods of computation with that of the most recent annual audited financial statements and is in conformity with the generally accepted accounting principles.

The comparative balance sheet as of the end of the immediately preceding financial year is audited.

The Company's operation is not seasonal or cyclical in nature. Depending on the construction industry and market demand for ceramic tiles, production volume and sales of the interim operation may result significantly high or low compared to the same period of last year.

There are no:

1. Material changes unusual affecting assets, liabilities, equity, net income, or cash flow.
2. Issuances, repurchases, and repayment of equity securities
3. Dividends paid
4. Segment revenue and segment result for business segment or geographical segments
5. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period
6. Changes in the composition of the Company during the interim period
7. Changes in contingent liabilities or contingent assets
8. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period

9. Material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years
10. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
11. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

## Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Management review and evaluates, on comparative basis, the following administrative, operational, and sales activities:

- a) Actual monthly sales price and volume versus budget
- b) Monthly cost variance analysis per production process
- c) Monthly credit and collection
- d) Cash and loan management
- e) Monthly financial and operational results

The financial analysis tools used as key performance indicators for the company's operations are the following:

1. *Percentages analysis* (vertical analysis) to show the relationship of each income statement component to total sales on comparable basis.
2. *Financial Highlights* that summarizes the operating results for the last three years that includes sales growth analysis, return on sales, return on assets, return on equity, current ratio, and debt to equity ratio.

### Percentage Analysis

	<b>First Quarter Ended</b>	
	<b>March 31 2006</b>	<b>March 31 2005</b>
Net Sales	100.00%	100.00%
Cost of Goods Sold	-79.56%	-80.17%
Gross Profit	20.44%	19.83%
Operating Expenses	-14.43%	-11.91%
Net Operating Income	6.01%	7.92%
Other charges (net)	-5.70%	0.01%
Income (loss) before income tax	0.31%	7.93%
Provision for income tax	0.00%	0.00%
<b>Net Income (Loss)</b>	<b>0.31%</b>	<b>7.93%</b>

### Operating Results

Gross profit percentage to net sales for the first quarter of 2006 remained the same to 20% compared to last year's first quarter. Operating expenses increased by 2% this quarter due to the increase in management fee, additional advertising and promotional expenses for incentive trips to escalate sales and the introduction of a new product ceramic tiles with Microban protection that was introduced during the quarter. Increase in Other charges is mainly attributed to foreign exchange losses for the period. Net income decreased unfavorably to 0.31% compared to last years 7.93% which is also due to paper gains on foreign exchange translation. In view of this, the company is considering improvements in its operations for the next quarters by increasing its production efficiencies and reduce its overall cost by consolidating and utilizing its capacities, to continue downsizing, to expand potential market to increase revenue, and to strengthen credit control to avert potential bad debts.

### Financial Highlights: (Based on Consolidated Financial Statements)

	First Quarter	
	2006	2005
<i>Sales Growth</i> <sup>1</sup>	3.55%	-12.52%
<i>Return on Sales</i> <sup>2</sup>	0.31%	7.93%
<i>Return on Assets</i> <sup>3</sup>	0.04%	0.88%
<i>Return on Equity</i> <sup>4</sup>	0.79%	14.51%
<i>Current Ratio</i> <sup>5</sup>	0.25	0.22
<i>Quick Assets Ratio</i> <sup>6</sup>	0.11	0.07
<i>Debt to Equity Ratio</i> <sup>7</sup>	20.93	15.55

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<sup>1</sup> The percentage change in sales value over prior year sales.

<sup>2</sup> Represents percentage (%) of net income over net sales.

<sup>3</sup> Represents percentage (%) of net income over total assets.

<sup>4</sup> Represents percentage (%) of net income over stockholders' equity.

<sup>5</sup> Represents the ratio of current assets over current liabilities.

<sup>6</sup> Represents the ratio of the most liquid current assets (cash, cash equivalents, receivables) over current liabilities.

<sup>7</sup> Represents the percentage (%) of long-term debt over total stockholders' equity

### Sales Growth

Total net sales for the period amounted to P432 million. This showed a 4% growth in sales from last year's P417 million. The introduction of the new ceramic tiles with Microban protection has created an increase demand and caused the slight growth in sales. Other factors affecting our sales are also attributed to the following: (1) the shortfall of export sales; and (2) the competition against imported China tiles.

### Profitability

**Return on assets** is 0.04% for the first quarter ending March 31, 2006. This is lower compared to last year's 0.88%. However, the favorable increase in last year's income only resulted from loan restatements or foreign exchange translation of the long-term liabilities which is considered to be merely paper gains. **Return on equity** is 0.79% and 14.51% for the first quarter of 2006 and 2005 respectively.

### Solvency

The company's **current ratio** is 0.25 for the first quarter of 2006 compared to 0.22 for the first quarter of 2005. **Quick-Assets ratio** is 0.11 for the first quarter of 2006 and 0.07 for the first quarter of 2005. This is still due to the deferral of principal and interest payments with creditor banks because of the pending completion of the restructuring agreement that deemed the long-term obligations demandable. Negotiation for the said loan restructuring with the concerned banks is still on-going and the Company is positive to complete the conciliation before the end of the second quarter. This restructuring is believed to ease the company's liquidity position in terms of savings on interest payments. Aside from the pending negotiation, the company sees no liquidity problem in the next twelve (12) months.

The **debt-to-equity ratio** is 20.93 and 15.55 for the first quarter of 2006 and 2005 respectively.

### Material Changes in the Financial Statements

	<u>Unaudited</u>	<u>Audited</u>	
	<u>March 31</u>	<u>December 31</u>	<u>Percentage</u>
	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u>
Receivables - net	212,623	191,521	13%
Prepaid Expenses and other current assets	31,724	26,650	19%
Accounts Payable and accrued expenses	785,352	732,588	7%
Long-term Liabilities	1,816,622	1,850,021	-2%

### Receivables

Receivables increased by 13%. This is non-trade in nature because the increase is mainly attributed to the payment made to Ms. Lourdes Sunico as an advance payment for the purchase of land beside the main plant as part of the ongoing negotiations on loan restructuring.

### Prepaid and Other Current Assets

Increase in prepaid expenses by 19% is due to the payment of local business permit during the first month of the year and the accumulation of prepaid input taxes on purchases for the three months period.

### Liabilities

Accounts payable and accrued expenses increased by 7%. This is due to the accrual of expenses for the first quarter ending March 31, 2006. Payments and restatement made on long-term debts which includes installment payable, and lease obligation caused its decrease by 2%.

The management will continue with its efforts in improving its production efficiency, full utilization of plant capacity, and cost reduction, to attain more favorable operating results. Introduction of new and innovative tile design shall likewise be continued to increase sales and market share.

Management discloses other than already discussed above and information detailed on the recent annual audited statement that there are no other:

1. Known trends, demand, commitments, events or uncertainties that will have material impact on the Company's liquidity;
2. Material commitments for capital expenditures;
3. Known trends, event or uncertainties that have or that are reasonably expected to have favorable or unfavorable impact on sales/revenues/income from continuing operations;
4. Significant elements of income or loss that did not arise from the Company's continuing operations; and
5. Seasonal aspects that had a material effect on the financial condition or result of operations.

PART II - OTHER INFORMATION

No other significant information for the quarter.

SIGNATURES

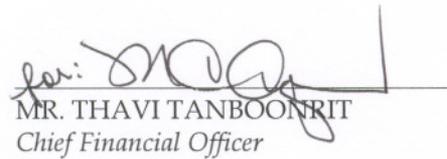
MARIWASA MANUFACTURING, INC.  
*Registrant*

By:



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MR. EDISON CO SETENG  
*Chairman & Executive Officer*

Date: 04/28/06

for:   
\_\_\_\_\_  
MR. THAVI TANBOONRIT  
*Chief Financial Officer*

Date: 04/28/06